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FISCAL IMPACT REPORT

SPONSOR HHGAC ORIGINAL DATE 02/24/07
LAST UPDATED _____ HB 335/csHHGAC/aHFL
SHORT TITLE Fair Share for Health Care SB _____
ANALYST Weber

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Non-Rec | Fund Affected |
|---------------|------|-------------------------|------------------|
| FY07 | FY08 | | |
| | NFI | | |
| | | | |

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Service Department
Public Regulatory Commission
Public Education Department

SUMMARY

Synopsis of HF Amendment of the Substituted Bill

The amendment adds self-insurance plans as an approved insurance alternative. Also, it modifies the language in Section 3 (C). These changes do not make substantive changes in the bill.

Synopsis of Original Substituted Bill

The House Health and Government Affairs Committee Substitute for House Bill 335 (CS/HB 335), the Fair Share for Health Care Act, requires all employers with ten thousand or more nationwide employees doing business in New Mexico to make a one-time report stating whether it is offering its employees comprehensive major medical insurance coverage. "Employer" does not include the federal or state government or a political subdivision of the state or another state. The report is submitted to the Human Services Department for reporting to the Governor with a \$250 per day fine for failure to report. HSD *may* sanction non-reporting.

FISCAL IMPLICATIONS

There would be some minimal expenditure related to the bill.

SIGNIFICANT ISSUES

HSD notes that the bill requires all employers with ten thousand or more nationwide employees who are doing business in New Mexico to provide an annual report to the Human Services Department. Due to the minimal number of New Mexico employers with 10,000 or greater employees nationally, the bill would primarily apply to an unknown number of national employers with one or more New Mexico employees deriving income from business in the state.

The report must include a statement as to whether the employer is offering its employees comprehensive health insurance coverage and a summary of the employer health care coverage policy. Subsequent reports are required only if the employer ceases to offer comprehensive major medical insurance. A civil penalty of \$250 per day may be imposed for noncompliance with reporting.

Comprehensive major medical insurance is defined as health insurance covering the reimbursement for or purchase of coverage for hospital, surgical and medical expenses. Short-term travel, accident-only, limited or specified disease policies such as dental or vision are not included in the definition.

The bill designates the Human Services Department to collect the data and publish an annual report to the Governor titled “Fair Share for Health Care” reporting the name of each employer not offering comprehensive major medical insurance.

OTHER SUBSTANTIVE ISSUES

Fair share is defined in the bill as “comprehensive major medical insurance”. The bill indicates "employee" means an individual employed by an employer such that the employer pays social security withholding, unemployment insurance or workers' compensation insurance for the individual. The employer must file no later than January 15, 2008 and annually thereafter, a report stating whether it is offering its employees comprehensive health care coverage. This implies the employer must offer **all** employees comprehensive major medical insurance. Since it is likely all employers have classes of employees, such as part-time or per diem, that are not offered insurance, it is possible **no employer will meet this test** and be able to report affirmatively. This diminishes the value of the report since there will be no distinction of employers in classes of do and don't.

MW/mt